

News

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EMPLOYMENT COST INDEX FOR THE WEST SEPTEMBER 2001

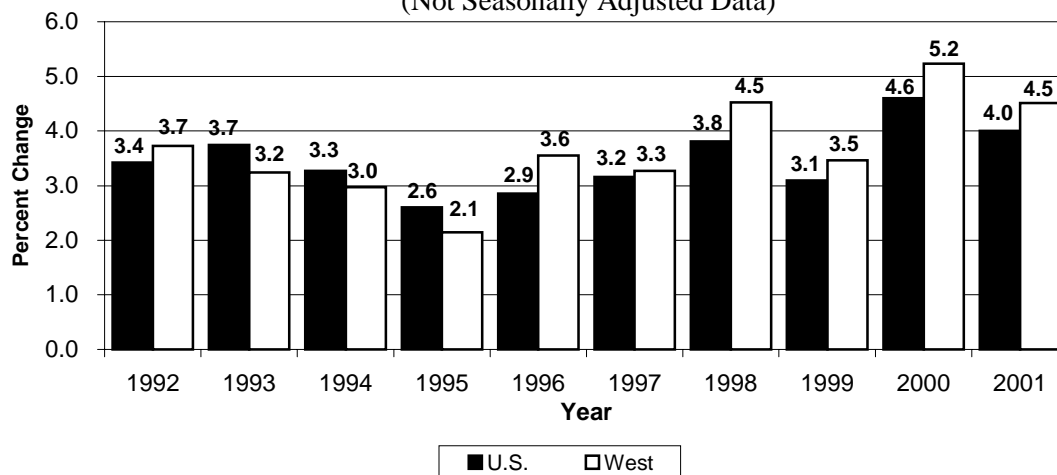
In the West, private industry employer's costs for total compensation advanced 1.0 percent in the third quarter of 2001, the U.S. Department of Labor's Bureau of Labor Statistics reported. Regional Commissioner Stanley P. Stephenson said the West's increase was slightly above the nation's 0.9 percent gain for the same period. The West index rose 1.3 percent in the third quarter of 2000.

During the recent three-month period, the Northeast matched the West by experiencing the largest advances in the country for private industry's total compensation, up 1.0 percent. The Midwest and South regions followed by measuring gains of 0.9 and 0.8 percent, respectively, for the same period.

In private industry, the over-the-year increase for total compensation costs was highest in the West (4.5 percent). In comparison, the Nation, as well as the Northeast and South, posted gains of 4.0 percent for the year ended in September 2001. The Midwest measured the smallest annual increase at 3.4 percent.

Employment Cost Index for the United States and West Region
Annual Percent Change, September 1992 - 2001

(Not Seasonally Adjusted Data)



In the five-year span from September 1996 to September 2001, total compensation in the West rose 22.8 percent, compared to a 20.1 percent increase for the Nation. During this same period, total compensation advanced 19.9 percent in the Midwest, 19.2 percent in the South, and 18.8 percent in the Northeast.

Wages and Salaries

In private industry, wages and salaries alone, exclusive of the cost of benefits, rose 0.9 percent in the West during the third quarter of 2001. The Northeast and Midwest also showed a 0.9 percent gain from June to September while the average for the Nation advanced 0.8 percent. The South experienced a 0.6 percent growth over the three-month period.

For wages and salaries, the West measured the highest annual gain (4.1 percent). The Northeast and the Nation followed by both increasing 3.6 percent for the 12-month period. The Midwest and the South both posted gains of 3.4 percent over the year.

Compensation and Consumer Prices

In the West, the 4.1 percent increase in wage and salary costs between September 2000 and September 2001 surpassed the 3.3 percent rise in the Consumer Price Index (CPI-U) for the West during this period. Over the past five years in the West, the 22.7 percent advance in wage and salary costs exceeded the 15.1 percent rise in the CPI.

TECHNICAL NOTE: The Employment Cost Index (ECI) is a quarterly measure of the change in the price of labor, free from the influence of employment shifts among occupations and industries. It includes measures of change in total compensation (wages and salaries plus the employer cost of employee benefits), wages and salaries, and benefits.

Benefits included in the ECI are: Paid leave (vacations, holidays, sick leave, and other leave); supplemental pay (premium pay for overtime, shift differentials, and nonproduction bonuses such as lump-sum payments in lieu of wage increases); insurance benefits (life, health, sickness and accident, and long-term disability); retirement and savings benefits (defined benefit and defined contribution); legally required benefits (Social Security, Federal and State unemployment insurance, workers' compensation, and other legally required benefits such as State temporary disability); and other benefits (severance pay and supplemental unemployment insurance plans).

The ECI wage and salary series is limited to changes in wage and salary rates, defined as straight-time average hourly earnings. Straight-time earnings are total earnings before payroll deductions, excluding premium pay for overtime, work on weekends and holidays, and shift differentials. Production bonuses incentive earnings, commission payments and cost-of-living adjustments are included in straight-time earnings, whereas nonproduction bonuses (such as Christmas or year-end bonuses) are excluded. Also excluded are such items as payments-in-kind, free room and board, and tips.

Beginning with the June 1997 news release, ECI estimates are based on 1990 counts of occupational employment by industry, rather than on 1980 employment counts.

The ECI sample is rotated over approximately five years; this makes it more representative and reduces respondent burden. The sample is replaced on a cross-area, cross-industry basis. The June 2000 index contains the first of several integrated National Compensation Survey (NCS)-ECI samples. Integrated samples result in an increase in the number of private industry establishments and occupations in the survey. The NCS- ECI sample will be completely integrated over the next two years.

**Table 1. Employment Cost Index for total compensation, wages and salaries, and benefits for private industry workers, United States and Census Regions 1/.
(Not Seasonally adjusted)**

Region	Indexes (June 1989=100)			Percent Changes for 3 Months ended:			Percent Changes for 12 Months ended:		
	Sept 2000	June 2001	Sept 2001	Sept 2000	June 2001	Sept 2001	Sept 2000	June 2001	Sept 2001
Total Compensation 2/									
National.....	149.9	154.5	155.9	0.9	1.0	0.9	4.6	4.0	4.0
West.....	150.8	156.0	157.6	1.3	1.1	1.0	5.2	4.8	4.5
Northeast.....	149.3	153.7	155.2	1.2	1.4	1.0	4.3	4.1	4.0
South.....	147.6	152.3	153.5	0.6	0.8	0.8	4.1	3.8	4.0
Midwest 3/.....	152.2	156.0	157.4	1.0	0.8	0.9	5.0	3.5	3.4
Wages and Salaries:									
National.....	146.8	150.9	152.1	1.0	1.0	0.8	4.1	3.8	3.6
West.....	148.2	152.9	154.3	1.3	1.1	0.9	4.9	4.5	4.1
Northeast.....	145.3	149.2	150.6	1.1	1.3	0.9	3.9	3.8	3.6
South.....	145.3	149.3	150.2	0.5	0.7	0.6	3.6	3.3	3.4
Midwest 3/.....	148.6	152.3	153.6	1.0	0.9	0.9	4.4	3.5	3.4
Benefits:									
National.....	157.5	163.2	165.2	1.2	1.1	1.2	6.0	4.8	4.9

1/ Excludes self-employed, unpaid family members, private household employees and agriculture, forestry, fishing, and government employees.

2/ The index measures changes in compensation costs (wages, salaries, and employer cost for employee benefits).

3/ Formerly titled the North Central region.

NOTE: Fixed employment weights are used each quarter to calculate the national series. However, for the regional series the employment weights are reallocated each quarter based on the current sample. The indexes for the regional series, consequently, are not strictly comparable to the national series.

Table 2. Annual percent changes in total compensation, wages and salaries, and benefits for private industry workers. (Not Seasonally adjusted)

Sept - Sept

Region	Years									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Compensation: 1/										
National.....	3.4	3.7	3.3	2.6	2.9	3.2	3.8	3.1	4.6	4.0
West.....	3.7	3.2	3.0	2.1	3.6	3.3	4.5	3.5	5.2	4.5
Northeast.....	3.4	4.1	3.2	2.7	2.5	2.6	3.5	3.2	4.3	4.0
South.....	3.1	3.5	3.1	2.8	2.9	2.9	3.8	3.1	4.1	4.0
Midwest 2/.....	3.7	4.2	3.7	2.5	2.8	3.7	3.5	2.9	5.0	3.4
Wages and salaries: 1/										
National.....	2.7	3.1	2.9	2.8	3.3	3.6	4.3	3.2	4.1	3.6
West.....	3.3	2.8	2.4	2.8	3.6	3.5	5.0	3.4	4.9	4.1
Northeast.....	2.4	3.4	2.7	2.6	3.2	2.9	3.6	3.3	3.9	3.6
South.....	2.6	2.9	2.8	2.8	3.4	3.7	4.5	2.7	3.6	3.4
Midwest 2/.....	2.7	3.0	3.7	2.9	3.2	4.2	4.0	3.6	4.4	3.4
Benefits: 1/										
National.....	5.2	5.4	4.0	2.1	1.8	2.0	2.6	2.8	6.0	4.9
Consumer Price Index CPI-U (1982-1984)=100										
National.....	3.0	2.7	3.0	2.5	3.0	2.2	1.5	2.6	3.5	2.6
West.....	3.1	2.6	2.7	2.3	2.9	2.2	1.9	3.0	3.9	3.3
Northeast.....	3.4	2.2	2.8	2.5	2.9	2.3	1.3	2.5	3.4	2.4
South.....	2.6	3.1	3.0	2.7	3.1	1.9	1.3	2.3	3.2	2.2
Midwest 2/.....	2.8	2.7	3.3	2.6	3.1	2.3	1.5	2.8	3.5	2.7
ECI Wages and Salaries Constant dollar 3/										
National.....	-0.3	0.4	0.0	0.2	0.3	1.4	2.7	0.6	0.6	0.9
West.....	0.2	0.2	-0.3	0.5	0.7	1.3	3.1	0.4	1.0	0.8
Northeast.....	-0.9	1.1	-0.1	0.1	0.3	0.6	2.3	0.8	0.5	1.2
South.....	-0.1	-0.2	-0.2	0.0	0.3	1.7	3.2	0.4	0.4	1.2
Midwest 2/.....	-0.2	0.3	0.4	0.3	0.1	1.9	2.4	0.8	0.9	0.6

1/ Compensation, Wages and Salaries, and benefits, as measured by the Employment Cost Index for private industry.

2/ Formerly titled the North Central region.

3/ ECI for Wages and Salaries adjusted by the impact of the comparable CPI-U 1982-84=100.

**Table 3. Comparative One, Five and Ten year percent changes
Sept - Sept private industry workers. (Not Seasonally adjusted)**

Region	Percent changes over:		
	One-Year	Five-Years	Ten-Years
Compensation 1/			
National.....	4.0	20.1	40.5
West.....	4.5	22.8	43.3
Northeast.....	4.0	18.8	38.9
South.....	4.0	19.2	38.7
Midwest.....	3.4	19.9	41.5
Wages and Salaries: 1/			
National.....	3.6	20.2	39.2
West.....	4.1	22.7	42.1
Northeast.....	3.6	18.6	36.5
South.....	3.4	19.2	37.5
Midwest.....	3.4	21.0	41.0
Benefits: 1/			
National.....	4.9	19.6	43.4
Consumer Price Index CPI-U (1982-84)=100			
National.....	2.6	13.0	30.0
West.....	3.3	15.1	31.7
Northeast.....	2.4	12.5	28.9
South.....	2.2	11.5	28.7
Midwest.....	2.7	13.4	30.9
ECI Wages and Salaries Constant Dollars/2			
National.....	0.9	6.4	7.1
West.....	0.8	6.6	7.9
Northeast.....	1.2	5.4	5.9
South.....	1.2	7.0	6.9
Midwest.....	0.6	6.8	7.8

1/ Compensation, wages and salaries, and benefits as measured by the Employment Cost Index for Private industry (ECI).

2/ ECI for Wages and Salaries adjusted by the impact of the CPI-U (1982-84)=100

N/A = Not Available

NOTE: The regional coverage is:

West -- Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Northeast -- Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

South -- Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

Midwest -- Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.